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INNOVAR, LLC P O BOX 250647 PLANO, TX 75025			EXAMINER ERB, NATHAN	
			ART UNIT 3628	PAPER NUMBER
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

# Office Action Summary

**Application No.**

10/803,616

**Applicant(s)**

BARSADE ET AL.

**Examiner**

NATHAN ERB

**Art Unit**

3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 06 February 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-23 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-23 is/are rejected.
- 7) ☒ Claim(s) 8 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-946)
- 3) ☐ Information Disclosure Statement(s) (PTO/SE/US)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### ***Response to Arguments***

1. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.
2. Applicants' response to Office action was received on February 6, 2008.
3. Applicants' amendments to the claims did not correct any of the technicalities objected to in the previous Office action. Therefore, those claim objections remain below in this Office action.
4. Applicants' amendments failed to overcome the rejections of the claims under 35 U.S.C. 101 because a node may simply be a location on a network and is not necessarily synonymous with a computer-readable medium.
5. In response to Applicants' amendment of the claims, the corresponding claim rejections have been correspondingly amended below in this Office action.
6. Applicants' arguments regarding the prior art rejections center around the "third party fee fulfillment client logic engine" which is described in section b.iii. of claim 1, as well as in claim 23. Applicants argue that the invention of Sullivan simply calculates tax due but does not actually control the flow of funds. Examiner disagrees. Sullivan, paragraph [0007], states:

"The transaction tax compliance system may be linked to the banking network as well as to a computer systems used by tax authorities. This linkage would allow for the calculation, collection, recording, reporting, and remitting of a transaction tax liability through the transaction tax compliance system. Such a configuration would allow tax

authorities to provide and monitor the transaction tax information applied by sellers and purchasers to an extent not possible today.”

“Remitting” is the actual transfer of funds. Note also that the remitting of a transaction tax liability occurs THROUGH the tax compliance system, as opposed to, for example, merely according to the calculation of the tax compliance system. To be sure, calculating a tax due amount is a central theme of Sullivan’s invention, but the actual transfer of tax due through the tax system is therefore disclosed in Sullivan.

Applicants argue that simply linking the tax system to the banking network does not make the tax system an “integrated component” of the banking system. Whether or not the tax system of Sullivan is actually considered part of the banking system is simply a matter of how one characterizes it; the bottom line is that paragraph [0007] discloses remitting the tax due THROUGH the tax compliance system. This provides the funds-transfer aspect required by Applicants’ claims. Applicants further argue that the banking network linkage in Sullivan should be interpreted instead as simply a system that allows the transfer of information concerning the clearance of payments associated with one’s bank account. Examiner finds the language discussing remitting THROUGH the tax system to be much more easily interpreted as discussing the transfer of funds THROUGH the tax system, since this is the meaning directly conveyed by the combination of the words “remitting” and “through.” Such language indicates the transfer of payments themselves, as opposed to data describing the payments.

Applicants characterize Sullivan as describing separate functional entities that are integrated into a single system in Applicants’ application. Examiner is not persuaded by this line of reasoning because the boundaries of a single system can be arbitrarily defined wherever one

wants them to be. Indeed, Sullivan can be viewed as either numerous, separate functional systems or a single system made up of numerous component subsystems. Applicants also characterize Sullivan's tax system as not controlling funds transfer, in contrast to their claimed invention. The distinct language used in the claims describing such control is "causes the deduction of the third party fees owing from funds transferred between the first and the second party" and "causes the transfer of the third party fees to said one or more third parties." The above-quoted paragraph [0007], for example, discusses the remitting of a tax on a transaction between a seller and purchaser through the tax system of Sullivan to its recipient (i.e., the tax authority). While there is no indication in Sullivan that Sullivan receives the entire transaction payment from buyer, separates off the tax amount, and sends the remaining amount on to the seller, such a disclosure is not necessary. Simply the fact that the seller or buyer in Sullivan relies on the tax due calculation of Sullivan's tax system when the seller or buyer separates off that appropriate amount of tax and remits that amount alone through the tax system of Sullivan is sufficient disclosure of "causing the deduction of the third party fees owing from funds transferred between the first and the second party." Sullivan's tax system may not be the sole cause of the deduction (clearly, seller or buyer also plays a causative role in the deduction in such a case), but it is certainly one of the causes of the deduction; in the system of Sullivan, the tax system is the only source of tax calculation information to the transaction participant, so the appropriate deduction cannot be made without the tax system's information. The language of Applicants' claims does not require a tax remittal system to be the sole cause of the deduction, only A cause. Such is the case in Sullivan. Furthermore, the above-discussed remittal of funds THROUGH the tax system of Sullivan is a fairly direct disclosure of "causes the transfer of the

third party fees to said one or more third parties.” Therefore, Applicants’ arguments are not persuasive with respect to these issues.

7. On p. 11 of Applicants’ response, Applicants state that Sullivan does not disclose a logic engine that determines what action, if any, is required, but instead assumes taxes are owing. This is directly contrary to what Sullivan states in paragraph [0005], which states: “The transaction tax compliance system thereafter calculates the appropriate tax liability for the transaction by determining at least one of the following: 1) whether a taxable event has occurred, 2) where the taxable event occurred, 3) whether the transaction is subject to standard or special transaction tax laws or rules, and 4) who is responsible for reporting and remitting the tax liability.”

8. Therefore, Examiner is not persuaded by Applicants’ arguments.

9. If applicant does not seasonably traverse the well known statement during examination, then the object of the well known statement is taken to be admitted prior art. *In re Chevenard*, 139 F.2d 71, 60 USPQ 239 (CCPA 1943). MPEP 2144.03 Reliance on Common Knowledge in the Art or “Well Known” Prior Art. Therefore, all official notice and “well-known” statements from the previous Office action which were not adequately traversed in the response to that Office action are hereby taken to be admitted prior art.

### ***Claim Objections***

10. Claim 8 is objected to because of the following informalities:

- a. In the third line of claim 8, please remove the phrase “the consumer.”
- b. In the fourth line of claim 8, please replace the phrase “and or” with --and/or--.

Appropriate correction is required.

***Claim Rejections - 35 USC § 101***

11. Claims 21-23 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claim is directed to a computer program, without the computer-readable medium needed to realize the computer program's functionality. Note that a "logic engine" can be interpreted to be a computer program. Therefore, the claim is directed to nonstatutory functional descriptive material. See MPEP 2106.01(I).

***Claim Rejections - 35 USC § 102***

12. Claims 1-16 and 18-23 are rejected under 35 U.S.C. 102(e) as being anticipated by Sullivan, U.S. Patent Application Publication No. US 2003/0093320 A1.

As per Claim 1, Sullivan discloses:

- a client logic engine-based system for handling calculation and payment of one or more third party fees due to a third party as part of one or more wide area network transactions between a first party and a second party, wherein the first, second and third parties are users of distinct first, second and third nodes, respectively, of the wide area network (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0124]-[0126]);
- a wide area network comprising multiple nodes enabling the transfer of transaction data information packets between the first party and the second party (paragraph [0046]);
- at least one logic engine residing on a node of the wide area network, the logic engine being a transaction client logic engine, residing on a node within the wide area network, that: includes rules of logic for the determination of what action is required on transaction data information packets; receives one or more transaction data information packets related to one or

more wide area network transactions between the first and the second party; determines what action is required on received transaction data information packets; and based upon said determination, transmits the information packets between a third party fee calculation client agent, if present, and itself, between a third party fee fulfillment client agent, if present, and itself, or between another node of another system of the wide area network and itself (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]).

As per **Claim 2**, Sullivan further discloses wherein at least two of the logic engines are present (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]).

As per **Claim 3**, Sullivan further discloses wherein each logic engine present is located at a node distinct from the other logic engine present (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]).

As per **Claim 4**, Sullivan further discloses wherein all three logic engines are present (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]).



As per **Claim 5**, Sullivan further discloses wherein each logic engine present is located at a node distinct from the other logic engines present (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]).

As per **Claim 6**, Sullivan further discloses wherein the first party is a consumer and the second party is a merchant (paragraph [0046]).

As per **Claim 7**, Sullivan further discloses wherein the wide area network is the Internet (paragraph [0039]; paragraph [0046]).

As per **Claim 8**, Sullivan further discloses wherein the merchant is an on-line merchant having a website resident on a node of the wide area network, the transaction is an on-line electronic transaction conducted over the wide area network, and the consumer is obtaining a good and/or service from the merchant (paragraph [0039]; paragraph [0046]).

As per **Claim 9**, Sullivan further discloses wherein the electronic transaction is an e-commerce payment transaction (paragraph [0046]).

As per **Claim 10**, Sullivan further discloses wherein at least one of the third parties is a government agency and at least one of the third party fees is sales tax (paragraph [0007]; paragraph [0036]).

As per **Claim 11**, Sullivan further discloses wherein at least one of the third parties is a logic engine service provider that controls the system and provides for calculation and/or payment of at least one third party fee to the government agency (paragraphs [0005]-[0007]; paragraph [0061]; paragraph [0122]; paragraph [0124]-[0126]).

As per **Claim 12**, Sullivan further discloses wherein at least one of the third party fees is a fee due to the logic engine service provider (paragraph [0122]; paragraph [0124]-[0126]).

As per **Claim 13**, Sullivan further discloses a logic protocol that calculates the amount of third party fee due to the logic engine service provider (paragraph [0122]; paragraph [0124]-[0126]).

As per **Claim 14**, Sullivan further discloses a logic protocol that affects payment of a third party fee to the logic engine service provider (paragraph [0122]; paragraph [0124]-[0126]).

As per **Claim 15**, Sullivan further discloses a logic protocol that determines if a transaction data information packet is to be transmitted to the third party fee calculation client agent, the third party fee fulfillment client agent and/or another node of the wide area network (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]).

As per **Claim 16**, Sullivan further discloses a logic protocol that determines if third party payment data is to be added to the transaction data information packet, and, if so, adds the payment data (paragraphs [0005]-[0007]; paragraph [0046]; paragraph [0061]; paragraph [0122]; paragraph [0124]-[0126]).

As per **Claim 18**, Sullivan further discloses a service provider fee logic engine, residing on a node within the wide area network, that includes rules of logic for the determination of a third party fee owed to a service provider of the system (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0122]; paragraph [0124]-[0126]).

As per **Claim 19**, Sullivan further discloses wherein the third party fee due to the service provider is a fixed fee (paragraph [0122]).

As per **Claim 20**, Sullivan further discloses wherein the third party fee due to the service provider is a prorated or incremental fee (paragraph [0122]).

As per **Claim 21**, Sullivan discloses:

- a transaction client logic engine, residing on a node within a wide area network (paragraphs [0005]-[0007]; paragraph [0039]; paragraphs [0124]-[0126]);
- includes rules of logic for the determination of what action is required on transaction data information packets (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- receives one or more transaction data information packets related to one or more wide area network transactions between a first party and a second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- determines what action is required on received transaction data information packets (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- based upon said determination, transmits the information packets between a third party fee calculation client agent, if present, and itself, between a third party fee fulfillment client agent, if present, and itself, or between another node of another system of the wide area network and itself (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]);

- the client logic engine resides on a node with a wide area network (paragraphs [0005]-[0007]; paragraph [0039]; paragraphs [0124]-[0126]).

As per **Claim 22**, Sullivan discloses:

- a third party fee calculation client logic engine, residing on a node within a wide area network distinct from the nodes of a first party and a second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraphs [0124]-[0126]);

- includes rules of logic for the determination of fees owed to a third party on one or more transactions between the first and the second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- receives one or more information packets from a transaction client logic engine, if present (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]);

- determines the third party fees owed on the transaction between the first and the second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- transmits to a transaction client agent, if present, a transaction data information packet including said third party fees owed (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]);

- the client logic engine resides on a node with a wide area network distinct from the nodes of a first party and a second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraphs [0124]-[0126]).

As per **Claim 23**, Sullivan discloses:

- a third party fee fulfillment client logic engine, residing on a node within the wide area network distinct from the nodes of a first party and a second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0122]; paragraphs [0124]-[0126]);

- includes rules of logic for the determination of fees owed to one or more third parties on one or more transactions between the first and the second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- receives one or more information packets from the transaction client logic engine, if present, containing data for the transfer of transaction funds between the first and the second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraphs [0124]-[0126]);

- determines the third party fees owed on the transaction between the first and the second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]);

- causes the deduction of the third party fees owing from funds transferred between the first and the second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]);

- causes the transfer of the third party fees to said one or more third parties (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0046]; paragraph [0054]; paragraph [0061]; paragraph [0124]-[0126]; paragraphs [0130]-[0131]);

- the client logic engine resides on a node with a wide area network distinct from the nodes of a first party and a second party (paragraphs [0005]-[0007]; paragraph [0039]; paragraph [0122]; paragraphs [0124]-[0126]).

### ***Claim Rejections - 35 USC § 103***

13. Claim 17 is rejected under 35 U.S.C. 103(a) as being unpatentable over Sullivan.

As per Claim 17, Sullivan fails to disclose an authorization and capture client agent. However, that element/limitation was well-known to one of ordinary skill in the art at the time of applicants' invention. It would have been obvious to one of ordinary skill in the art at the time of

applicants' invention to modify the invention of Sullivan such that it includes an authorization and capture client agent, as was well-known to one of ordinary skill in the art at the time of applicants' invention. Motivation is provided in that it was well-known to one of ordinary skill in the art at the time of applicants' invention that an authorization and capture client agent is useful for processing credit card payments in online transactions.

***Conclusion***

14. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a).

Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

15. **Examiner's Note:** Examiner has cited particular portions of the references as applied to the claims above for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested that the applicant, in preparing the responses, fully consider the references in entirety as potentially

teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner.

16. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Nathan Erb whose telephone number is (571) 272-7606. The examiner can normally be reached on Mondays through Fridays, 8:30 AM to 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Hayes can be reached on (571) 272-6708. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Nathan Erb  
Examiner  
Art Unit 3628

Nhe

/JOHN W HAYES/  
Supervisory Patent Examiner, Art Unit 3628